



Unlocking Public and Private
Finance for the Poor

United Nations Capital Development Fund

REQUEST FOR APPLICATION FOR

Inclusive digital solutions to ease migrants' access to financial and health services in light of COVID-19

NEW DEADLINE FOR SUBMISSIONS: SEPTEMBER 29, 2020 23:59 CET

SUMMARY

As per a coordinated effort from the United Nations to have a response towards the COVID-19 pandemic, UNCDF is supporting LDCs and other countries in need through its core mandate to build stable and resilient local economies and by leveraging a range of technical expertise and investment instruments to reduce and limit economic and social hardship for poor communities. For more information about UNCDF's action towards COVID-19 **click here**.

The objective of this RFA is to select licensed remittance service providers that are willing to come forth with a partnership with a health-tech or insure-tech player operating in Malaysia that have a tested solutions to address the problem statements outlined below, with a view to support them to scale the solution among low-income migrants. To that end, UNCDF will provide a grant and technical assistance to up to two partners. This contribution could be up to US\$250,000, with at-least 30% of co-funding from the recipient institution.

UNCDF will support selected projects in the following areas:

1. Access: Promoting access to and the adoption of digital remittance channels
2. Usage: Scaling insurance related use cases for digital financial services
3. Beyond Remittances: Linking remittances with health services for migrant workers

Applications should be submitted via email to uncdf.rfa@uncdf.org with the title "Inclusive Digital Solutions for Migrants in Malaysia".

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1. INTRODUCTION

As per a coordinated effort from the United Nations to have a response towards the COVID-19 pandemic, UNCDF is supporting LDCs and other countries in need through its core mandate to build stable and resilient local economies and by leveraging a range of technical expertise and investment instruments to reduce and limit economic and social hardship for poor communities. For more information about UNCDF's action towards COVID-19 **click here**.

Migrants represent 15% of Malaysia's workforce, making the country home to the fourth largest number of migrants in the East Asia Pacific region. The migrant population is diverse, made up of workers from Indonesia, Bangladesh, Nepal, Myanmar, Vietnam, China and India, among many other countries.

Official data from the Immigration Department, Ministry of Home Affairs, shows that 1.98 million regular migrant workers were employed in Malaysia by September 2019. This constitutes about 20 per cent of the country's labor force (United Nations Malaysia, 2019). However, a World Bank report estimates that some 2.96 to 3.26 million migrant workers, including 1.23 to 1.46 million irregular migrant workers, were residing in Malaysia in 2017 (World Bank 2019). Approximately one-third of workers in the services sector and 25 per cent in agriculture are migrants (World Bank 2019)¹.

The level of bank account ownership is low among migrants. Certain workers cannot comply with the basic requirements to open a bank account due to a lack of proper documentation. For plantation workers, payment of wages in cash and the remoteness of their work locations most affect the level of bank account ownership. Non-bank remittance service providers are popular regulated remittance channel used by migrants for convenience, price, safety, ease of transaction, speed and reliability (World Bank, 2017).

A high incidence of workplace accidents has been documented for migrants. Official data from 2014 shows that the largest number of injuries and deaths at work occurred in the manufacturing, construction, and agricultural sectors - all of which are major sectors of employment for migrant workers (United Nations Malaysia, 2019).

The precarious financial and health situations that migrants face have worsened with the COVID-19 pandemic.

Many migrant workers have already seen the sudden loss of their employment and income amid this coronavirus crisis – issues that are running into weeks and months. Some migrants are stranded with limited safety nets and little funds left to cover their own living expenses. Lack of insurance coverage, and exclusion from social welfare and emergency relief programmes further add to their economic and health vulnerabilities. As a result, many migrant workers are simply unable to remit any money home. Lockdowns and mobility constraints further hinder migrant workers from visiting the outlets of remittance service providers (RSPs), as numerous agent locations have been forced to closed – in both sending and receiving countries.

¹ https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documentas/genericdocument/wcms_614381.pdf



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Digital remittance channels could present a welcome alternative to in-person interactions at bricks-and-mortar remittance service provider branches. By sending and receiving remittances through digital means, migrants could benefit from time and cost savings as well as circumventing the mobility and access restrictions.

The shift to digital payments could also open doors for migrants to access additional financial services, such as digital savings, credit and insurance, which could provide safety nets and strengthen resilience. Despite its great potential, access to and the adoption of digital solutions by migrant workers and their families remain a challenge. Many migrants are not yet aware of the benefits and use-cases of digital financial services and may not know how to register for a digital transaction account such as a mobile wallet. In addition to this lack of digital financial literacy, many migrants have been left with a fundamental need for the identification documents required to open such accounts. For migrant workers who would be able to gain access, many may not see the value added by digital versus cash-based solutions. The use-cases for digital payments remain limited in many markets. Innovative interventions are needed to directly answer the needs of migrants and their families, and to offer the support that is critically needed during this time of crisis and beyond, and that will also sustain continuing demands.

2. SCOPE OF WORK

The objective of this RFA is to select licensed remittance service providers that are willing to come forth with a partnership with a health-tech or insure-tech player operating in Malaysia that have a tested solutions to address the problem statements outlined below, with a view to support them to scale the solution among low-income migrants. To that end, UNCDF will provide a grant and technical assistance to up to two partners. This contribution could be up to US\$250,000, with at-least 30% of co-funding from the recipient institution.

2.1 Areas of intervention

UNCDF invites applications from firms that can offer scalable models of addressing at-least two of the following challenges below:

Areas of intervention		Problem statement/ Objective
1	Access: Promoting access to and the adoption of digital remittance channels	<p>Challenges: offline remittance services may be unavailable or unsafe to use; mobility restrictions make it difficult to reach cash-in/out agents; customers face elevated health risks by visiting branches and transacting in person and with cash.</p> <p>Objectives: Investing in efforts to improve the accessibility, interface, partners, and delivery of remittances through the digital channels and build migrant awareness and trust in the digital channels.</p>



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Areas of intervention		Problem statement/ Objective
2	Usage: Scaling insurance related use cases for digital financial services	<p>Challenges: the value proposition for shifting from cash to digital payment channels is weak as digital use-cases for migrants are limited; current disbursements in cash require in-person interactions with employers, and physical visits to agents to remit or receive money home.</p> <p>Objectives: Remittance service providers can design and scale use cases by keeping the physical and financial lives of migrants in mind rather than the distribution structure and costs.</p> <p>For example, these can be products supporting of migrants and their families – micro-insurance, micro-pension, micro-credit that allows for mitigating cost of medicines or provide income protection cover</p>
3	Beyond Remittances: Linking remittances with health services for migrant workers	<p>Challenges: For migrant workers, limited access and usage of digital remittance channels is not enough. It is equally important to explore how the digital infrastructure and last mile delivery channels can be better utilized to facilitate access to value added services that may provide much needed relief to their health vulnerabilities and financial constraints during these times of crisis and beyond.</p> <p>Objectives: increase access to health services such as reliable and personalized medical advice and services given through telemedicine, including teleconsultation, e-pharmacies, remote monitoring of emergencies with medical dispatch that may provide immediate support in response to the crisis.</p>



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2.2 Expected results

According to the projects and solutions presented, candidates must include in the proposal a complete list of results, outcome indicators and targets for monitoring the achievement of different results. Below is a non-exhaustive list of key performance indicators (KPIs) for the projects.

Other indicators would be finalized based on the nature of the project and tracked to ensure its success. Deliverables would be derived from key project milestones to be agreed mutually between UNCDF and the selected applicant in accordance to the identified milestones, outcomes and targets of the KPIs, during the due-diligence and negotiation phase.

For illustration, milestones can include market research conducted, and go-to-market strategy finalized. In the application form, candidates will have to provide set reliable and attainable targets for each of the following indicators.

Indicators	Disaggregation
# of new employers on-boarded under the effort to extend digital payment services	Total
# New of registered wallet customers (migrants)	Total, Women
# of active customers Migrants (Active is last 90 day period)	Total, Women
# new insurance customers (migrants)	Total, Women
# of customers taking self-assessment (migrants)	Total, Women
# of customer linked to consultation and/or testing facility (migrants)	Total, Women
# of hygiene kits delivered (migrants)	Total, Women

Please note that during the negotiations process of the Performance based Agreement, applicants shall be required to integrate the monitoring framework with additional KPIs.

2.3 Target segment and geographical scope

Proposals should aim to reach low-income migrants working in Malaysia, coming from the following countries: Bangladesh, Myanmar, Nepal.

2.4 Project duration

Projects are expected to have a maximum 12-month duration, starting in October 2020.

2.5 Language

The deliverables and any correspondence between the applicant organization and UNCDF must be in English.



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2.6 UNCDF support

UNCDF will provide a grant to the selected applicants which are technically compliant in accordance to the Evaluation Criteria as set forth in section 3. UNCDF contributions including TA and Grant would be up to US\$ 250,000 and will be targeted at solutions that are ready for scale up.

Applications will need to describe how applicants will deploy the Grant and if any technical assistance or mentorship services that are being sought. Additional technical assistance services will be provided by UNCDF through a separate budget line.

3. ELIGIBILITY FOR APPLICATION AND EVALUATION CRITERIA

3.1 Applicants

Eligible candidates can apply alone or as lead applicant in a consortium of firms, as long as they comply with the eligibility requirements set forth in this section. In case of a consortium of entities applying to the RFA, the lead applicant shall comply with the eligibility requirements. The lead applicant will be responsible of:

- submitting the application form on behalf of the consortium ii. ensuring that each partner is fully aware of the composition of the partnership and of the contents of the Application Form;
- signing the Performance-based Agreement with UNCDF;
- fulfilling all obligations set out in the Performance-based Agreement;
- ensuring the allocation and the fulfilment of the funds amongst the partner in the consortium in compliance with the Performance-based Agreement;
- ensuring the allocation and the fulfilment of the tasks amongst the partner in the consortium in compliance with the Performance-based Agreement

3.2 Eligibility requirements

Organization and project

- The applicant/ lead applicant must be a registered entity in Malaysia²;
- The lead applicant must have a license to provide remittance services in Malaysia;
- The lead applicant must have been operational in Malaysia for at least five years as of June 2020;
- The lead applicant should have been servicing migrants and, at least 100,000 migrants in Malaysia are connected with any of their digital products/services;
- The financial solution proposed for this project must have been in the market for a duration of at least 6 months;

² e.g. bank, microfinance institution, insurance company, money transfer operator, payment service provider, agent banking aggregator, mobile network operator, technology provider, fintech company



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- Applicants must contribute at least 30 percent of the project's cash costs (costs may include technical infrastructure, resources, and operations);

UN Sanctions

- Applicants shall not have been the subject of bankruptcy, liquidation, judicial settlement, safeguarding, cessation of activity or any other similar situation resulting from a similar procedure;
- Applicants and any of their staff or member of their board of directors shall not be included in the United Nations financial sanctions lists, 5 particularly in the fight against the financing of terrorism and against attacks on international peace and security;
- Applicants shall have fulfilled all the obligations relating to the payment of social security contributions or obligations relating to the payment of taxes in accordance with legal provisions in force in the country of incorporation;
- Applicants must not be involved in any of the following activities:
 - Manufacture, sale or distribution of controversial weapons or their components, including cluster bombs, anti-personnel mines, biological or chemical weapons or nuclear weapons;
 - Manufacture, sale or distribution of armaments and/or weapons or their components, including military supplies and equipment;
 - Replica weapons marketed to children;
 - Manufacture, sale or distribution of tobacco or tobacco products;
 - Involvement in the manufacture, sale and distribution of pornography;
 - Manufacture, sale or distribution of substances subject to international bans or phase-outs, and wildlife or products regulated under the CITES;
 - Gambling including casinos, betting etc. (excluding lotteries with charitable objectives);
 - Violation of human rights or complicity in human rights violations;
 - Use or toleration of forced or compulsory labor;
 - Use or toleration of child labor;

Only applications that meet the eligibility requirements and minimum criteria for the submission will be scored. UNCDF will conduct due diligence on selected applicants. ³Applicants must have documents ready for confirmation that they meet the eligibility criteria, including audited financial statements, certificate of registration, certificate of compliance with the tax authorities and any other documentary evidence that might be requested by UNCDF besides the application form.

³ See UNDP Policy on Due Diligence and Partnerships with the Private Sector (2013): https://popp.undp.org/_layouts/15/WopiFrame.aspx?sourcedoc=/UNDP_POPP_DOCUMENT_LIBRARY/Public/BERA_Partnerships_UNDP%20private%20sector%20due%20diligence%20policy%202013_FINAL.pdf&action=default



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3.2 Evaluation criteria

The Evaluation Committee will score the applications according to the below evaluation criteria. Only applications that score at least 70 out of 100 will be considered successful and move to the due-diligence stage.

Evaluation Criteria	Score
PRODUCT DEVELOPMENT STAGE – Is the product or service ready to go to market or in the market.	20
RELEVANCE – To what extent does product or service address the SDGs 3 “Good health and well-being” and the market segment (low income migrants in Malaysia)	20
SCALABILITY - How sustainable is the solution for long-term growth? To what extent can the solution be scaled? We will look at outreach targets as measured by # of end users that use or are impacted by the product, and evaluate whether the proposed target is backed by sound logic (e.g. current user base, applicant’s ability to deliver,)	20
TEAM EXPERIENCE – What is the team composition? Size and roles? Relevant experience in the industry? - human resources, financial, infrastructure, technology, brand recognition, geographical footprint	10
RISK PROFILE – The extent to which the product or service costs are relative to the expected results and impact	15
FINANCIAL FEASIBILITY – The extent to which the proposed solution model has potential to become financially viable over time	15

4. How UNCDF work with partners

4.1 Eligible costs for UNCDF grant

The criteria for eligible expenditure determine whether a cost qualifies for funding under UNCDF rules and procedures. The general criteria for eligibility of costs under UNCDF funding include the following:

- Eligible costs must be incurred by the applicant during the project (after the signature of the Performance-based Agreement and up to the end of the Grant period);
- Eligible costs should be indicated in the estimated overall budget of the action attached to the Performance-based Agreement;
- Costs must be identifiable and verifiable, in particular being recorded in the accounting records of the applicant and determined according to the applicable accounting standards of the country where the lead applicant is established;
- Costs must comply with the requirements of applicable tax and social legislation;
- Costs must be reasonable, justified and comply with the principle of sound financial management, in particular regarding economy and efficiency;
- Consultancy costs – under studies, technical assistance and other advisory services under the programme carried out by international and national consultants – are eligible as follows. Professional and consultancy services are services rendered by people with a special skill, and who are not officers or employees of the organization applying for the grant. Consulting services must be justified, with information provided on their expertise,



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primary organizational affiliation, normal daily fee, and number of days of expected service. Consultants' travel costs, including for subsistence, are to be shown as travel expenditure. The applicant may be required to justify the daily fee;

- Workshop costs are eligible, for the workshop venue, food and beverages, and publication material;
- Training expenditure (financial education, digital education, soft skills) for the project's final beneficiaries is eligible. If applicable, this will include all related expenditure, such as the cost of the venue, participant travel, and so on. Training for the employees of the institution applying for the grant is also eligible as long as it has been demonstrated that it will link directly to the project output;
- Investment costs directly attributable to the project, relating to research and innovation, are allowable;
- Marketing and communication activities are eligible as long as they represent no more than 10 percent of any UNCDF funds granted;
- Personnel and staff costs are eligible as long as they are no more than 25 percent of UNCDF funds, and the staff personnel are directly involved and contributing to the project outcome.

4.2 Non-Eligible costs for UNCDF grant

The following costs are ineligible and not accepted:

- Returns on capital and dividends paid by a beneficiary;
- Debt and debt service charges;
- Provisions for losses or debts;
- Interest owed;
- Costs declared by the applicant in the framework of another action receiving a grant financed from another donor;
- Indirect costs, also called overheads.

4.3 Technical assistance component

UNCDF takes a tailored approach to engagement with partners, working with each throughout to identify business and customer needs, and helping to design, pilot and scale up the solution along the way. UNCDF would be providing the TA support to the project. Some examples of the ways in which UNCDF works with partners through technical assistance include:

- Product Research: Sharing market research and knowledge to deepen partners' understanding of migrants' behaviors, needs, constraints and aspirations. This also includes providing transaction data analysis and training to the business teams;
- Product design: Providing human-centered design expertise to better understand the customer journey - physical and financial – for better product design and use-case development tailored to the needs of migrants and their families;
- Provisioning: Providing technical assistance to help scale up solutions for impact. Technical assistance is provided by digital finance and remittance experts who are experienced in product design, business model development and go-to-market strategies in some of the most challenging markets in Africa and Asia;
- Partnerships: Facilitating strategic partnerships with stakeholders – financial and otherwise, private and public - to enable partners to reach last-mile customers, and to



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grow sustainably. UNCDF is positioned to be a neutral broker of partnerships and has a record of building strong relationships with global private and public organizations;

- Policy and Advocacy: Convening efforts to support an enabling environment and build policy and advocacy capacity for migrant-centric products and services to be piloted and potentially scaled. In this RfA, the focus will be more on solutions that need to be piloted and scaled.

5. APPLICATION REQUIREMENTS AND PROCESS

5.1 Structure of the application

All applications need to be sent with:

- 1- Submission Letter (Annex 1)
- 2- Submission Form (Annex 2)
- 3- Budget (Annex 3)
- 4- Audited Financial Statements for the past three years
- 5- Certificate of registration
- 6- Certificate / authorization that the applicant/lead applicant is authorized to provide remittance services

Submissions that are incomplete or do not respect the formats for Annexes 1, 2 and 3 will not be considered eligible and will not be evaluated. The applicant may supplement the submission with 1) power point deck that outlines in a visual manner what the project and/or product is; and 2) latest annual report. All submissions must be completed in English.

5.2 Submission and deadline

Applications should be submitted via email to uncdf.rfa@uncdf.org with the title “Inclusive Digital Solutions for Migrants in Malaysia”.

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5.3 Selection process

- **Step 1:** Eligibility screening – eligibility will be assessed as set forth in section 3.
- **Step 2:** Evaluation of eligible applications by the Evaluation Committee – applications will be evaluated based on the evaluation criteria set out in section 3.
- **Step 3:** Due diligence – due diligence on the applications and their applicants will be conducted on applications that receive the minimum qualifying score (70/100).
- **Step 4:** Notification of applications – all applicants will be notified of the status of their applications.
- **Step 5:** Approval of the selected applications by the Investment Committee – applications selected by the Evaluation Committee will be reviewed, discussed and approved by the Investment Committee. Any further due diligence requirements, risk analysis or milestone recommendations from the Investment Committee will be followed in later steps.
- **Step 6:** Notification of applications - all applicants will be notified of the status of their applications after final approval from UNCDF Board / Investment Committee .
- **Step 7:** Signature of Performance-Based Agreement – this is the agreement of the results chain, including on indicators, for the proposed application, agreement of the milestones that will trigger Grant disbursements and agreement of amount of the Grant that will be released on achievement of each milestone.